**Private and Confidential**

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22nd October 2017

Anne and David Sample

60 Lorne Avenue

KILLARA NSW 2071

**TERMS OF ENGAGEMENT**

Dear Anne & David

Following our recent discussions, we provide this terms and scope of advice setting out the advice and services for the next twelve months which we believe will maximise the probability of you achieving the financial objectives we discussed.

In forming this proposed Terms of Engagement, we have placed a major emphasis on the specific outcomes identified in our meeting of 11th October as being of value and significant to you both – these include:

1. **[Insert their most valuable aspiration] – [Construct short paragraph containing all their relevant signature outcomes for this aspiration. Include their statement describing the value they attach to the achievement of this.]**

*[For example: Home ownership – you aspire to buy your next home in six to twelve months. An inner-city Terrace style property, within five to ten kilometres from the city, possibly in Paddington, or Woollahra, preferably fully renovated. There is nothing more important to you than having a welcoming, comfortable and secure home near your family in an area you love.]*

1. **[Insert next most valuable aspiration] – [Construct short paragraph containing all their relevant signature outcomes for this aspiration. Include their statement describing the value they attach to the achievement of this.]**

*[For example: Head North – you would like to purchase a 15m Winnebago Van with three ‘push-outs’ to follow the sun, heading north during the winter months. You would like a plan that financially enables you to undertake two/three trips of at least three weeks annually for the foreseeable future. This is something you have both dreamed of for years.]*

1. **[Insert next most valuable aspiration] – [Construct short paragraph containing all their relevant signature outcomes for this aspiration. Include their statement describing the value they attach to the achievement of this.]**

*[For example: New Opportunities – you aspire to pursue more productive and invigorating work opportunities. Anne aims to increase returns from establishing her ‘falls-prevention’ consultancy for aged care and David aims to increase returns from coaching and investing in identified experiential retail start-ups. Helping others is not only a significant driver for you both, the on-going development of your professional abilities and lives is also highly important.]*

1. **[Insert next most valuable aspiration] – [Construct short paragraph containing all their relevant signature outcomes for this aspiration. Include their statement describing the value they attach to the achievement of this.]**

[*For example: Explore Your World - you aspire to travel regularly to experience the unique cultures of locations such as China, Russia, and Samarkand on the Silk Road in Uzbekistan. Travel has always been a significant uplifting influence in your lives.]*

1. **[Insert next most valuable aspiration] – [Construct short paragraph containing all their relevant signature outcomes for this aspiration. Include their statement describing the value they attach to the achievement of this.]**

*[For example: Grandchildren’s Education - you aspire to financially support the secondary education of your grandchildren. Whilst neither of your two children (ages 23 & 19) have children of their own as yet, providing funds for possible private school education for their children aims to provide the value for them that was provided to your children by your own recently decreased parents.]*

**Approach**

With an understanding of the above desired outcomes as the focus of our engagement, the following represents our approach to maximise the probability of these being achieved:

**Priority #1 – [Prioritise and insert your first recommendation] – [Construct a short paragraph outlining your first financial recommendation – NOTE: NO DETAILED TECHNICAL ADVICE – your firm believes is required for these clients to best achieve their outcomes. Connect your recommendation with their relevant complexities the recommendation will manage or resolve. Also connect your recommendation to the relevant signature outcomes this priority aims to achieve.]**

*[For example: Priority #1 - Purchasing a new home*

*Understanding that you have had difficulties saving money in the past and you have not had time to properly plan, we will review current living expenses, net asset valuations and current levels of income in order to develop a plan for you to purchase a home of your own. This home will be within five to ten kilometres of the city, a Terrace style property, preferably renovated and full of things you like.*

*We will review current requirements and provide advice on options to best fund the purchase of your new home within the next six to twelve months.]*

**Priority #2 – [Prioritise and insert your next recommendation] – [Construct a short paragraph outlining your next financial recommendation – NOTE: NO DETAILED TECHNICAL ADVICE – your firm believes is required for these clients to best achieve their outcomes. Connect your recommendation with their relevant complexities the recommendation will manage or resolve. Also connect your recommendation to the relevant signature outcomes this priority aims to achieve.]**

*[For example: Priority #2 – Explore your World*

*Respecting your desire to build savings before travelling we will work with you both to build your ‘financial travel buffer’ to purchase the 15m Winnebago Van, undertaking regular trips throughout Australia each year and exploring the unique destinations such as Samarkand on the Silk Road, China and Russia on a biannual basis.*

*We will review and confirm future income streams of income-producing assets from your various existing and new sources to produce the required after tax savings. We will take into account the assumptions from your planned change in current earnings and remunerations as outlined below whilst still enabling you to have sufficient means to live a comfortable life within your new home.]*

**Priority #3 – [Prioritise and insert your next recommendation] – [Construct a short paragraph outlining your next financial recommendation – NOTE: NO DETAILED TECHNICAL ADVICE – your firm believes is required for these clients to best achieve their outcomes. Connect your recommendation with their relevant complexities the recommendation will manage or resolve. Also connect your recommendation to the relevant signature outcomes this priority aims to achieve.]**

*[For example: Priority #3 – Pursue more productive and invigorating work*

*We understand the prospect of venturing into new careers in your mid-40’s can be daunting. To best support your new business ventures – Anne in aged care consultancy and David in experiential retail consultancy & investment – we will work collaboratively with you both to develop and execute an appropriate Sample Family Business Plan. We will review the ownership, structures, deeds and agreements throughout the existing Sample family’s interests and act on the family’s quarterly-meeting Board of Advice.*

*We will provide all necessary taxation and business compliance support for the Sample Family entities and interests. We will provide you with a program for current and future tax liabilities. This will ensure that you have certainty, confidence and structure regarding all future tax liabilities to ensure ease of management.*

*We will also ensure that you, your family, your assets, and in particular your ability to earn income are protected from unforeseen circumstances so that bills can continue to be paid and appropriate funds are available.]*

**Priority #4 – [Prioritise and insert your next recommendation] – [Construct a short paragraph outlining your next financial recommendation – NOTE: NO DETAILED TECHNICAL ADVICE – your firm believes is required for these clients to best achieve their outcomes. Connect your recommendation with their relevant complexities the recommendation will manage or resolve. Also connect your recommendation to the relevant signature outcomes this priority aims to achieve.]**

*[For example: Priority #4 – Leave a legacy*

*Having been burnt by bad advice and experiences in the past we will provide initial and on-going recommendations of investment and appropriate asset allocation advice to deliver required return on assets invested. This advice will include the selection of suitable investment structures and ensure that reporting is written in a 'one-page' common and simple language form appropriate to your busy life.*

*In particular we will ensure the development and structure of a Grandchildren Fund to protect your long-term assets and interests against potential threats, giving you peace of mind.*

*As you have indicated that you have not taken specialist estate planning advice, we will ensure the interests of your estate are protected via initial and regular estate/family conferences to continually understand, recognise and protect all related interests beyond existing wills, deeds and agreements.]*

**Fees**

The initial 12 month fee for provision of advice and complete implementation of recommendations under this engagement will be $12,000[[1]](#footnote-1) to $13,500 (inc GST). This fee covers all ongoing advice and service in relation to your financial affairs delivered through our 12 monthly service package.

This initial fee is collected via a monthly direct debit where $4,800 plus GST of the fee is collected in month one, reverting to $655 plus GST per month from month two onwards.

The total fee to complete this assignment may increase if there are significant changes in your circumstances or if significant rework or amendments to the original information provided is required. If significant additional work is required we shall provide an estimate and agree on the scope of the additional work prior to proceeding.

Where third party specialists are required to provide input the professional fees of these specialists will be in addition to those of <our firm name>. We will notify you in writing in advance before the third party is engaged.

We receive no commissions or fees from any third party. Subsequently we negotiate on your behalf to deliver reduced costs from an investment, superannuation and lending perspective where appropriate.

Please note our quoted fees are applicable for a period of four weeks from the date of this Terms of Engagement. Note this document may not incorporate all of the services we can provide, only those we believe will be of use in your circumstances. All our available services are explained in our Financial Services Guide.

**Engagement**

Please do not hesitate to contact me on 02 9999 0000 if you have any questions about the contents of this letter. Otherwise, please acknowledge your understanding and acceptance of the above arrangements by signing and returning the enclosed copy of this document to us via email, fax or standard mail.

Please note that our engagement can be terminated by either party to this agreement where [set out reasonable circumstances for termination by either party].

Finally please note that this Terms of Engagement should be read alongside our Financial Services Guide, which explains more generally the types of services we offer and other matters relevant to the delivery of services too our clients.

Yours sincerely

**Joanne Adviser John Adviser**

<firm name> <firm name>

Email: jo@firmname.com.au Email: jj@firmname.com.au

**Acceptance**

Anne and David, we believe that <our firm name> can generate significant financial certainty for you throughout our relationship and importantly, add substantial value to ensuring you achieve all that is important and valuable to you as you have articulated to us.

If you are happy to proceed on the basis of the information in this Terms of Engagement, please sign in the space provided below and return to us in the envelope provided.

**Acknowledgement**

Please sign below to indicate that you accept the scope, costs and terms set out above.

Signature:

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Mr David Sample**  **Mrs Ann Sample**

Date: \_\_\_\_/\_\_\_/2017

1. Please note: any insurance commissions we may receive, on completion of your insurance review, will be deducted from your annual fee for service. [↑](#footnote-ref-1)